

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
P.O. Box 1451
Alexandria, VA 22313-1451

Brown/Wolfson

Mailed: September 26, 2007

Opposition No. 92043152

ARTURO SANTANA GALLEGO

v.

SANTANA'S GRILL, INC.

**Before Hairston, Grendel and Cataldo, Administrative
Trademark Judges.**

By the Board:

This case now comes before the Board for consideration of (1) respondent's motion (filed December 7, 2006) for involuntary dismissal pursuant to Trademark Rule 2.132(a);¹ (2) petitioner's cross-motion (filed December 21, 2006) to reopen its testimony period; and 3) respondent's motion (filed January 10, 2007) for sanctions. Responsive briefs were filed in response to the three pending motions and

¹ As reset, respondent's testimony period opened on November 21, 2006, yet its motion for judgment was not filed until approximately two weeks later on December 7, 2006. Under Trademark Rule 2.132(a), the motion should have been filed prior to the opening of the respondent's testimony period. However, the Board has exercised its discretion and considered the late-filed motion. See *Hewlett-Packard Co. v. Olympus Corp.*, 931 F.2d 1551, 18 USPQ2d 1710 (Fed. Cir. 1991).

respondent's motion for involuntary dismissal has been fully briefed.²

Respondent's Motion for Involuntary Dismissal/Petitioner's Motion to Reopen Testimony Period

Respondent seeks an order dismissing this case for petitioner's failure to prosecute, while petitioner seeks to reopen its testimony period to afford it an opportunity to adduce testimony and supporting evidence. The motions both involve equivalent legal standards as well as arise out of the same nucleus of operative facts. Accordingly, the Board considers the motions together.

When a plaintiff fails to offer testimony or other evidence during its prescribed testimony period, the defendant may move for dismissal for failure to prosecute. Absent a showing of good and sufficient cause why judgment should not be rendered against plaintiff, judgment will be entered against plaintiff. See Trademark Rule 2.132(a). Even given a showing of good and sufficient cause as to why judgment should not be entered against it, however, a plaintiff must also be able to make a sufficient showing of excusable neglect to persuade the Board to reopen its testimony period so that it may introduce testimony or other evidence in support of its case.

² In support of its motion for involuntary dismissal, respondent submitted a reply brief that the Board has exercised its discretion to consider. See Trademark Rule 2.127(a).

Otherwise, although judgment would be avoided under Trademark Rule 2.132(a) (assuming plaintiff demonstrates good and sufficient cause), the proceeding would be resumed without any opportunity for the plaintiff to prevail on the merits because, absent a reopening of the trial period, it would have no time left in which to take testimony or present evidence. *See Grobet File Co. of America, Inc. v. Associated Distributors Inc.*, 12 USPQ2d 1649, 1651 (TTAB 1989).

Under Fed. R. Civ. P. 6(b)(2), made applicable to Board proceedings by Trademark Rule 2.116(a), a testimony period can only be reopened upon a showing of excusable neglect. The Board has held that the "good and sufficient cause" standard set out in Trademark Rule 2.132(a) is equivalent to the "excusable neglect" standard set out in Fed. R. Civ. P. 6(b). *See HKG Industries Inc. v. Perma-Pipe Inc.*, 49 USPQ2D 1156, 1157 (TTAB 1998); *See also* Trademark Trial and Appeal Board of Procedure (TBMP) § 534.02 (2d ed. rev. 2004).

Clarified by the Supreme Court in *Pioneer Investment Services Company v. Brunswick Associates Limited Partnership*, 507 U.S. 380 (1993), and followed by the Board in *Pumpkin, Ltd. v. The Seed Corps*, 43 USPQ2d 1582 (TTAB 1997), the inquiry as to whether a party's neglect is excusable is:

at bottom is an equitable one, taking account of all relevant circumstances surrounding the party's omission. These include. . . [1] the danger of prejudice to the [nonmovant], [2] the length of the delay and its potential impact on judicial proceedings, [3] the reason for the delay, including whether it was within the reasonable control of the movant, and [4] whether the movant acted in good faith.

Pioneer, 507 U.S. at 395.

The Board, as several courts have done so in subsequent applications of the test, has decided that the third factor - the reason for the delay and whether it was within the reasonable control of the movant, is the most salient factor. See *Pumpkin Ltd. v. The Seed Corps*, supra at n.7 and cases cited therein.

Here, a review of the record reflects that the parties were engaged in genuine bi-lateral settlement negotiations such that petitioner could have reasonably concluded that its testimony period had not yet opened and was not running during that time. While the mere existence of settlement negotiations does not excuse a party's inaction or delay, a chronological review of the relevant procedural history in this case indicates that petitioner had a reasonable basis for failing to offer testimony or take any additional steps to preserve its claim. See *Atlanta-Fulton County Zoo, Inc. v. DePalma*, 45 USPQ2d 1858 (TTAB 1998).

Reviewing the record, on May 5, 2006, the Board issued an order granting the parties' consented motion to extend

the opening of petitioner's testimony period to September 1, 2006. In lieu of taking trial testimony and approximately one week prior to the close of its testimony period on September 30, 2006, petitioner made a written settlement offer to respondent (on September 22, 2006). On that same day, respondent provided its acceptance to the "basic terms" of petitioner's settlement offer and in a good faith attempt to work out the remaining details, proposed a two week extension of petitioner's testimony period. With the consent of both parties, the Board issued an order on October 4, 2006, extending the close of petitioner's testimony period to October 16, 2006. Thereafter, although petitioner did not move to extend its testimony period, settlement negotiations continued during the testimony periods of both parties.

In fact, on September 25, 2006, September 27, 2006 and October 4, 2006, respondent asserts that it sent its own draft language for a proposed settlement agreement, requesting comments from petitioner on the draft language. Apparently petitioner did not respond to those submissions, but rather, on October 10, 2006, requested that respondent forward a copy of its proposed settlement agreement so that (in the words of petitioner) "we can wrap this up."

While respondent followed up with a series of email communications that apparently went unanswered and

petitioner's testimony period closed without submission of any testimony or evidence on October 16, 2006, petitioner again expressed interest on October 27, 2006 in amicable settlement and indicated that the agreement was "fine as is" with a remaining issue being how the parties would share the cost of transcribing the agreement from English to Spanish.³ A few days later, on October 31, 2006, petitioner assured respondent that it was still "agreeable to material points" in the agreement with the cost of transcribing the agreement to be determined in the future.

In early November 2006, respondent confirmed via email to petitioner that petitioner had approved the written settlement agreement as well as a "mutual release" prepared by registrant. On November 17, 2006, petitioner confirmed that a translation had been received and that petitioner's signatures would be delivered to respondent on Tuesday, November 21, 2006. With respondent's testimony period set to close on November 29, 2006, respondent obtained petitioner's consent to extend the close of its testimony period from November 29, 2006 to December 21, 2006. The request for extension, filed electronically through ESTTA, states that the "parties are engaged in settlement

³ Petitioner, Arturo Santana Gallego is primarily Spanish speaking and resides in Mexico. According to counsel for petitioner, the agreement also required the signatures of petitioner's two sons as well as his business partner, Arturo Castaneda.

discussions" and that the request is made "in order to allow Plaintiff and Defendant sufficient time in which to finalize the settlement agreement reached. As Plaintiff is a non-English speaking party, the settlement agreement is currently being translated from English to Spanish for signature by Plaintiff."

On November 22, 2006, according to respondent, petitioner's counsel indicated that one of her clients had been delayed on a trip to Mexico and that all signatures would be received that day. A week later, instead of providing signatures, counsel for petitioner informed counsel for registrant that she might have to withdraw as counsel of record because of a potential conflict of interest. While that issue was resolved, the parties did not thereafter resume negotiations.

It is apparent from the record that the parties were engaged in active, good faith settlement discussions with at least a tentative written agreement in place during petitioner's thirty-day testimony period. Absent a translation and the signatures of all of the involved parties including petitioner, who still resides in Mexico, it appears that an agreement would have been finalized.

Ultimately, the reason for the delay was not entirely within the control of the petitioner. Rather, facts and circumstances set forth in the record indicate a reasonable

expectation on petitioner's behalf that proceedings would not move forward as settlement appeared to be imminent. See *Instruments SA Inc. v. ASI Instruments Inc.*, 53 USPQ2d 1925 (TTAB 2000).

Petitioner reasonably concluded under these circumstances that proceedings were stayed pending resolution of the parties' pending settlement agreement and that it would be given an opportunity, should settlement negotiations break down before the agreement was translated and signed, to present its case. Thus, the third *Pioneer* factor favors petitioner.

As for the remaining *Pioneer* factors, the Board finds no evidence of bad faith by petitioner to delay this case and outside mere delay, no specific, concrete prejudice suffered by respondent or adverse impact on the proceedings.⁴

In view thereof, the Board finds that petitioner's failure to introduce testimony or offer any evidence during its assigned testimony period was occasioned by circumstances amounting to excusable neglect.

⁴ Petitioner is reminded, however, that by bringing this action, he took primary responsibility for moving forward on the schedule agreed to by the parties and established by the Board. In Board proceedings, discovery and trial dates are not automatically suspended absent a Board order and a party that fails to timely move for an extension or suspension of dates does so at its own peril. See *Old Nutfield Brewing Company, Ltd. V. Hudson Valley Brewing Company, Inc.*, 65 USPQ2d 1701 (TTAB 2002).

Accordingly, respondent's motion for judgment under Trademark Rule 2.132(a) is hereby denied and petitioner's motion to reopen its testimony period is granted.

Respondent's Motion for Sanctions

We briefly now consider respondent's motion for sanctions. In the motion, respondent seeks to strike petitioner's motion to reopen its testimony period as a sanction pursuant to Fed. R. Civ. P. 11. In light of our decision to grant petitioner's motion to reopen and because petitioner failed to comply with the "safe harbor" requirements of Fed. R. Civ. P. 11, respondent's motion for sanctions is denied. See Fed. R. Civ. P. 11(c)(1)(A).

Suspension

As it appears that the parties have at least reached a tentative written agreement and that the remaining details may likely be resolved with continued bi-lateral settlement negotiations, proceedings herein are suspended for sixty days from the mailing date of this order, subject to the right of either party to request resumption at any time. See Trademark Rule 2.117(c). In the event that there is no word from either party concerning the progress of their negotiations by the close of the suspension period, proceedings will automatically resume on the schedule set forth below.

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Proceedings Resume: **November 30, 2007**
DISCOVERY PERIOD TO CLOSE: **Closed**

30-day testimony period for party
in position of plaintiff to close: **January 31, 2008**

30-day testimony period for party
in position of defendant to close: **March 31, 2008**

15-day rebuttal testimony
period to close: **May 15, 2008**

In each instance, a copy of the transcript of testimony, together with copies of documentary exhibits, must be served on the adverse party within thirty days after completion of the taking of testimony. See Trademark Rule 2.125.

Briefs shall be filed in accordance with Trademark Rules 2.128(a) and (b).

An oral hearing will be set only upon request filed as provided by Trademark Rule 2.129.

NEWS FROM THE TTAB:

The USPTO published a notice of final rulemaking in the Federal Register on August 1, 2007, at 72 F.R. 42242. By this notice, various rules governing Trademark Trial and Appeal Board inter partes proceedings are amended. Certain amendments have an effective date of August 31, 2007, while most have an effective date of November 1, 2007. For further information, the parties are referred to a reprint of the final rule and a chart summarizing the affected rules, their changes, and effective dates, both viewable on the USPTO website via these web addresses:
<http://www.uspto.gov/web/offices/com/sol/notices/72fr42242.pdf>
http://www.uspto.gov/web/offices/com/sol/notices/72fr42242_FinalRuleChart.pdf

By one rule change effective August 31, 2007, the Board's standard protective order is made applicable to all TTAB inter partes cases, whether already pending or commenced on or after that date. However, as explained in the final rule and chart, this change will not affect any case in which any protective order has already been approved or imposed by the Board. Further, as explained in the final rule, parties are free to agree to a substitute protective order or to supplement or amend the standard order even after August 31, 2007, subject to Board approval. The standard protective order can be viewed using the following web address:
<http://www.uspto.gov/web/offices/dcom/ttab/tbmp/stndagmnt.htm>